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AUTHORITY: 7 U.S.C. 901 *et seq.* and 950aaa *et seq.*

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Subpart A [Reserved]

Subpart B—Rural Economic Development Loan and Grant Program

SOURCE: 57 FR 44317, Sept. 25, 1992, unless otherwise noted.

§ 1703.10 Purpose.

- (a) This subpart sets forth RUS's policies and procedures for making

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zero-interest loans and grants to borrowers in accordance with the cushion of credit payments program authorized in section 313 of the Act (7 U.S.C. 940c).

(b) The zero-interest loans and grants are provided for the purpose of promoting rural economic development and job creation projects.

§ 1703.11 Policy.

(a) It is RUS's policy that borrowers use the Rural Economic Development Loan and Grant Program to promote projects that will result in a sustainable increase in the productivity of economic resources in rural areas and thereby lead to a higher level of income for rural citizens.

(b) It is RUS's policy that borrowers promote economic development in rural areas and job creation projects that:

- (1) Are based on sound economic and financial analyses; and
- (2) Take a long-term perspective.

(c) It is RUS's policy to direct the funds under this program to projects which are located in, or will primarily benefit, those rural areas that are experiencing the greatest economic hardship.

(d) It is RUS's policy to encourage economic development in rural areas and job creation projects without regard to service area.

(e) It is RUS's policy to encourage borrowers to make cushion of credit payments.

(f) It is RUS's policy to maintain liaisons with officials of other Federal, state, regional and local rural development agencies to coordinate this program with other rural economic development programs.

§ 1703.12 Definitions.

Act—the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

Administrator—the Administrator of the Rural Utilities Service or the Administrator's designee.

Approved purpose—a purpose that the Administrator has specifically approved in the letter of agreement covering the use of the RUS zero-interest loan and/or grant funds provided to the borrower.

Borrower—an entity that has outstanding RUS and/or Rural Telephone